

Message Text

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PAGE 01 PEKING 00815 290954Z

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C O N F I D E N T I A L PEKING 815

NOFORN

E.O. 11652: GDS

TAGS: EGEN SPSP CH

SUBJECT: FRANK COE COMMENTS ON PRC STATISTICAL SYSTEM AND
ECONOMIC PLANNING

1. DURING INFORMAL DINNER CONVERSATION ONE OF PEKING'S
EXPATRIATE AMERICANS, FRANK COE, MADE FOLLOWING POINTS
CONCERNING CHINA'S ECONOMIC PLANNING AND STATISTICAL SYSTEM
TO A VISITING FORMER COLLEAGUE GORDON WILLIAMS. WILLIAMS,
WHO WAS IN PEKING AS A MEMBER OF THE WASHINGTON, DC,
MAYOR'S COMMITTEE ON INTERNATIONAL VISITORS DELEGATION, FORMERLY
WORKED WITH COE AT THE IMF, WHERE WILLIAMS IS
STILL EMPLOYED. HE SAW COE AFTER VISITING USLO AND PASSED
THIS INFORMATION ON LATER, IN SUBSEQUENT BRIEF CONVERSATION WITH
USLO OFFICER.

2. ACCORDING TO COE, CHINA NOW HAS AN ADEQUATE STATISTICAL
SYSTEM FOR ECONOMIC PLANNING PURPOSES, THOUGH MOST DATA ARE
NOT MADE AVAILABLE TO CENTRAL PLANNING AUTHORITIES. SINCE
THE CULTURAL REVOLUTION, BASIC UNITS (COMMUNES AND FACTORIES)
HAVE DEVELOPED ACCOUNTING PRACTICES WHICH ASSURE ACCURATE
STATISTICS FOR PLANNING AT THE LOCAL LEVEL. THESE
STATISTICS MAY NOT BE AVAILABLE TO HIGHER ADMINISTRATIVE
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PAGE 02 PEKING 00815 290954Z

LEVELS OR AT THE CENTER, BUT PLANNERS AT HIGHER LEVELS

CAN RELY ON THE ACCURACY OF PLANS PRODUCED BY THE LOCAL UNITS. ECONOMIC PLANS FROM LOWER UNITS ARE REFERRED TO HIGHER UNITS FOR REVIEW AND THEN SENT BACK DOWN FOR CHANGES IF NECESSARY. THE PROCEDURE MAY BE REPEATED SEVERAL TIMES AND MUCH BACK AND FORTH DISCUSSION TAKES PLACE BETWEEN LEVELS BEFORE PLANS ARE FINALIZED.

3. IN RESPONSE TO A QUESTION ABOUT CHINA'S APPARENT LACK OF A FIGURE FOR ITS TOTAL POPULATION, COE SAID THERE HAS BEEN NO CENSUS SINCE 1953 BUT A NEW CENSUS IS NOT NEEDED BECAUSE LOCAL UNITS HAVE AN ACCURATE COUNT OF THE NUMBER OF PEOPLE THEY ARE RESPONSIBLE FOR AND THIS IS ALL THAT IS NEEDED FOR PURPOSES OF ECONOMIC PLANNING. COE SAID CHINA ORIGINALLY MOVED POPULATION AND PRODUCTION FACILITIES AWAY FROM COASTAL AREAS BECAUSE IT FEARED ATTACK BY THE UNITED STATES BUT HAD ONLY SUCCEEDED IN PUTTING THESE RESOURCES IN EASIER REACH OF THE SOVIET UNION. IT MIGHT BE NECESSARY TO RESETTLE SOME OF THESE UNITS AGAIN, HE SAID. ACCORDING TO WILLIAMS, COE ALSO SAID THAT ONE OF THE REASONS THAT CHINA HAS MOVED SLOWLY IN DEVELOPING ITS RAIL SYSTEM IS TO PREVENT THE EASY MOVEMENT OF PEOPLE FROM THE RURAL AREAS INTO THE CITIES. COE POINTED TO THE EXAMPLE OF THE CONVERGENCE OF RED GUARDS ON PEKING DURING THE CULTURAL REVOLUTION TO SHOW HOW EASY IT WOULD BE FOR PEOPLE IN THE RURAL AREAS TO INUNDATE CHINA'S CITIES.

5. ACCORDING TO WILLIAMS, COE HAS A NOMINAL POSITION AT THE CHINESE INSTITUTE FOR ECONOMIC RESEARCH BUT IS NOT ACTIVE EXCEPT FOR MEETING FOREIGN DELEGATIONS. WILLIAMS DESCRIBED COE AS AN OLD, TIRED MAN WHO DRINKS TOO MUCH AND SPENDS MOST OF HIS TIME READING. COE LIVES IN A LARGE, COMFORTABLE HOME NEAR PEKING'S DRUM TOWER WHICH IS WELL STAFFED WITH SERVANTS. HIS WORLDLY NEEDS SEEMED WELL TAKEN CARE OF.

6. COMMENT: COE'S REMARKS STRIKE US AS RATIONALIZATIONS FOR A LESS THAN PERFECT STATISTICAL SYSTEM NOW OPERATING IN THE PRC. NONETHELESS WE FIND THE COMMENTS INTERESTING SINCE THEY INDICATE A HIGH LEVEL OF DECENTRALIZATION IN
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PAGE 03 PEKING 00815 290954Z

THE CHINESE PLANNING STRUCTURE. SINCE WILLIAMS WAS ONLY ABLE TO RELATE THEM BRIEFLY, WE ASSUME HE MAY HAVE ADDITIONAL INFORMATION TO PASS ON IF CONTACTED IN WASHINGTON.
BUSH

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